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COVER STORY

HERNDON'S HIGH HOPES

The small town — and its
mayor — are prepping for an
onslaught of development

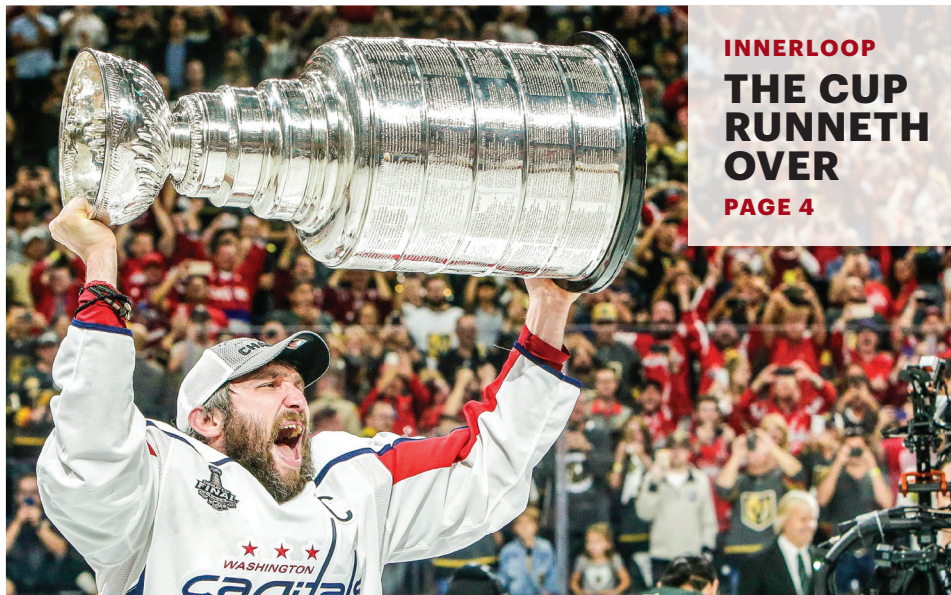
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The town braces for the growth and development its future Metro station will bring

BY KATIE ARCIERI
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Barbara Glakas can tell you about the days when Herndon was home to a thriving industry of family dairy farms.

From the McNair family's land to Frying Pan Farm Park, acres upon acres of dairy farms blanketed the 4.2-square-mile town and the surrounding area. And local farmers tending those fields would regularly ship wagons full of milk to D.C. via the downtown train depot.

"At the end of the day," said Glakas, a historian with the Herndon Historical Society, "the farmers would come back to the train station, collect all their empty milk cans and start all over again."

The last dairy wagons were tethered by the mid-1900s. But the town founded in 1879 has stuck to its small-town roots ever since, with a historic core, a homecoming parade each fall and a population capped at 24,000. It's a group that couldn't even fill one-third of FedEx Field today.

In the next few years, however, little Herndon will experience some big changes. The town is preparing for an unprecedented amount of high-density development around the Silver Line's new Herndon Metro station slated to open in 2020, not to mention the neighboring Innovation Center stop just outside the town limits. Town officials say they don't want Herndon, an incorporated town along the Silver Line, to become the next Tysons, a Fairfax County hub home to four Metro stations and about 50 million square feet of development.

But like it or not, Herndon and the immediate area around it is clearly the next frontier for transit-oriented development – and it's working to gear up for the change, from its highways to its high schools. All told, Herndon is priming itself for up to 7.5 million square feet of new development expected to come online within the town's borders in the next 20 years. Thus far, 2.3 million square feet is already in the pipeline, awaiting approvals.

The projects planned in and around Herndon have been proposed by some of the region's biggest commercial real estate players – from Tishman Speyer to Quadrangle Development Corp. – seeking to capitalize on developable land near a new Metro station where trains are slated to run every six minutes during peak hours.

Several more mixed-use projects are planned just outside of Herndon's borders in Fairfax County, including Tishman's Woodland Park East project, which calls for 1.6 million square feet of office and residential, and Arrowbrook Centre, a 2.3 million-square-foot, mixed-use development featuring residential, office, retail and a hotel. And none of



COVER STORY

Herndon feels the heat

Todd Hitt's Kiddar Capital plans to redevelop a site, within view of the future Herndon station, with 900,000 square feet.

JOANNE S. LAWTON / STAFF

that includes the possibility of Amazon's second headquarters at the 26-acre Center for Innovative Technology campus, a decision that would add 50,000 new jobs to the Herndon area.

Herndon's leaders are touting the benefits of such a boom as more families and businesses potentially make the town their home. "It's going to bring a lot of residents just outside of town to participate in our events and eat in our restaurants," said Herndon Mayor Lisa Merkel. "This is a whole new opportunity to have mass transit and a new lifestyle that we

can't offer right now."

But the dangers of such fast growth are just as palpable, especially in a region already tainted by traffic congestion and unaffordable housing. And no one knows that more than Herndon's leaders, who say the impending growth has risen to the top of their agendas.

"Traffic is going to be an issue," said Michael O'Reilly, a lawyer who served as Herndon's mayor from 2004 to 2006. "The current council, for the last four years at least, has been very proactive in anticipating the development that will

occur."

Bracing for rapid growth

Herndon's imminent growth comes with a thorny responsibility: ensuring the hamlet doesn't get overtaken by clogged roads, overcrowded schools and an overpacked downtown.

Much of that, for Merkel, comes down to a partnership with Fairfax County – imperative largely because the town side of the Metro station is all privately owned. That puts more public amenities, including parking garages and bus routes, on

the Fairfax County side of the Herndon station, whose entrance will be located between 575 and 593 Herndon Parkway.

"On the south side where the county land is, they already own that area where the Park and Ride is, so it makes sense to expand what they are already in the process of doing," she said. "Our taxpayers are paying taxes not only to the town of Herndon but also to Fairfax County, so we are definitely getting those amenities we are helping to pay for."

Herndon leaders are also working with Fairfax County, which provides the

"Smaller jurisdictions can usually move a little quicker and recognize the advantages that you propose if you do your actual homework and figure out what's best for that jurisdiction."

TODD HITT, CEO, Kiddar Capital

town with fire, rescue and health services, to prepare for any potential increase in crime.

And Fairfax County's school system is trying to keep pace with the tremendous need for new schools and renovations of current ones, especially along the Silver Line, said Jane Strauss, chair of Fairfax County School Board. It's already begun construction on a \$105 million "massive expansion" of Herndon High School, set to serve the entire community when it's complete in the next two or three years, she said. The system will also break

ground this summer on a \$22 million Clearview Elementary School.

"I think what they are planning for, we are ready to accommodate," Strauss said.

Road congestion is also a concern, and developers are picking up some of that tab as part of their projects. But Herndon is deep in its own planning for \$25 million worth of road improvements and building in multimodal access to the rail by bus, bicycle and ride-hailing services.

The town is turning to state, federal and local funding for the projects, the largest of which is an \$11.4 million

widening of Spring Street from four to six lanes between Fairfax County Parkway and Herndon Parkway. That work, to be completed by 2023, will also add turn lanes on the approaches to the intersection of Herndon Parkway and Spring Street. A smaller, yet significant undertaking involves \$1.065 million in better pedestrian and bike access to the Metro entrance pavilion, slated for completion in 2019.

"We analyzed the transportation concerns, and we have put the time, the effort, the money and analysis to make certain that those are resolved prior to the development," said Elizabeth Gilleran, director of community development for Herndon.

But Herndon has a saving grace: The development won't come all at once. Developers will likely accelerate or decelerate their time frames for development based on demand, said Jeannette Chapman, deputy director and senior research associate at George Mason University's Stephen Fuller Institute. "So it isn't that you snap your finger and all of this is on the ground right away," she said. "Yes, [the town] is bracing for a significant amount of growth. That growth, though, will evolve somewhat organically."

Bullish developers

Developers are eager to plan projects along the 23-mile Silver Line as it continues to snake its way to Washington Dulles International Airport. They've already built in and around Reston, and cranes dominate Tysons' skyline. Herndon is a natural next step – and it's a bargain considering its proximity to Metro. What would cost hundreds of millions to acquire near D.C.'s heavily built Metro Center is a fraction of that in this Fairfax County suburb.

All of that adds up to a "fresh palette" for development, said Todd Hitt, CEO of private equity firm Kiddar Capital, which placed its own bet on the town with a \$33 million site acquisition earlier this year. "If you look at other stations, they've either been developed or already have approvals in place across the board," Hitt said.

Kiddar Capital snapped up 575 Herndon Parkway, near the future Herndon station. The site is home to a 135,102-square-foot office building primarily occupied by Booz Allen Hamilton Inc. until 2020, after which the contractor can extend its stay for another three years. Ultimately, within the next decade, Kiddar plans to redevelop the site with more than 900,000 square feet of mixed-use development.

And when Hitt pursues that plan, he knows he already has one advantage in Herndon compared with its neighbors: Its smaller size, he said, translates to an easier permitting process. "Smaller jurisdictions can usually move a little quicker and recognize the advantages that you propose if you do your actual homework and figure out what's best for that jurisdiction," he said.

It's not home to any trophy buildings, which offers potential for developers hoping to redefine that office market. Those offering amenities that may be commonplace in downtown D.C. could create a major attraction in Herndon.

At 2245 Monroe St., on the south

COVER STORY

COVER STORY



"This is a whole new opportunity to have mass transit and a new lifestyle that we can't offer right now," said Mayor Lisa Merkel.

JOANNE S. LAWTON / STAFF

side of the Dulles Toll Road outside the town limits, a major renovation is underway on a 162,000-square-foot building to equip it with a cafe, volleyball court, conference center and walking path to the future Herndon station. The building, owned by Charlotte, North Carolina-based Barings, is aimed at companies that want both Metro accessibility and a touch of luxury, said Caulley Deringer, executive vice president of real estate firm Transwestern.

Add in a multifamily component, Deringer said, and demand could soar. "When all that gets packaged together, those projects will do very well," he said. "I don't think 10 years from now we're going to say, 'Oh wow, we have 10 to 15 new trophy buildings,' but I can see a few in the foreseeable future."

Bethesda-based Moore and Associates saw so much promise in Herndon that it bought the four-building Worldgate Metro Plaza, an office complex located a quarter of a mile from the Herndon stop, with visibility along the Toll Road.

Months later, that project is nearly 60 percent leased with tenants including Ntrepid Corp., Navy Federal Credit Union and data analytics firm Unisant Inc., said Daniel Purrington, vice president of leasing. Now, Moore and Associates is investing another \$10 million to update the building with a new modern look, he said. "We've already seen an increase in activity," he added. "People are realizing they are going to get a Class A property at a Metro location."

Pro-development town

Much of Herndon's growth potential stems from its leadership's attitude. Unlike other small towns that often shun development, Herndon has been an active partner, seeking it as an opportunity to grow the local tax base and transform the town from a bedroom community to a walkable, transit-oriented destination.

After years of community review, Herndon approved a transit station plan in February 2012 that called for

smart, transit-oriented development. It designated a 38-acre parcel adjacent to the Metro station and south of Herndon Parkway as its "transit-oriented core," all of which is privately owned and developed, but envisioned to potentially accommodate 4.1 million square feet of commercial space and 2,357 residential units. Gilleran said those figures aren't carved in stone, but noted that those acres today are "not developed in a style that supports a Metro station."

"We don't want everything to be uniform," she said. "We want a good strong skyline. We want wonderful public spaces."

Another 95 acres, just north of that core, is dubbed a transit-related growth area on the north side of Herndon Parkway – a stretch already built out with old office buildings. Town officials have held outreach meetings with property owners delineating the goals of such designated areas, Merkel said, mainly to encourage a mix of developments that encompass residential, office and flex space. That, in turn, will help attract new residents and businesses the town is so desperately seeking.

"It's going to bring Class A office space with marquee locations visible from the Toll Road, which we have very little of right now," Merkel said. "It's also going to bring us many, many multifamily residential units that we don't currently have."

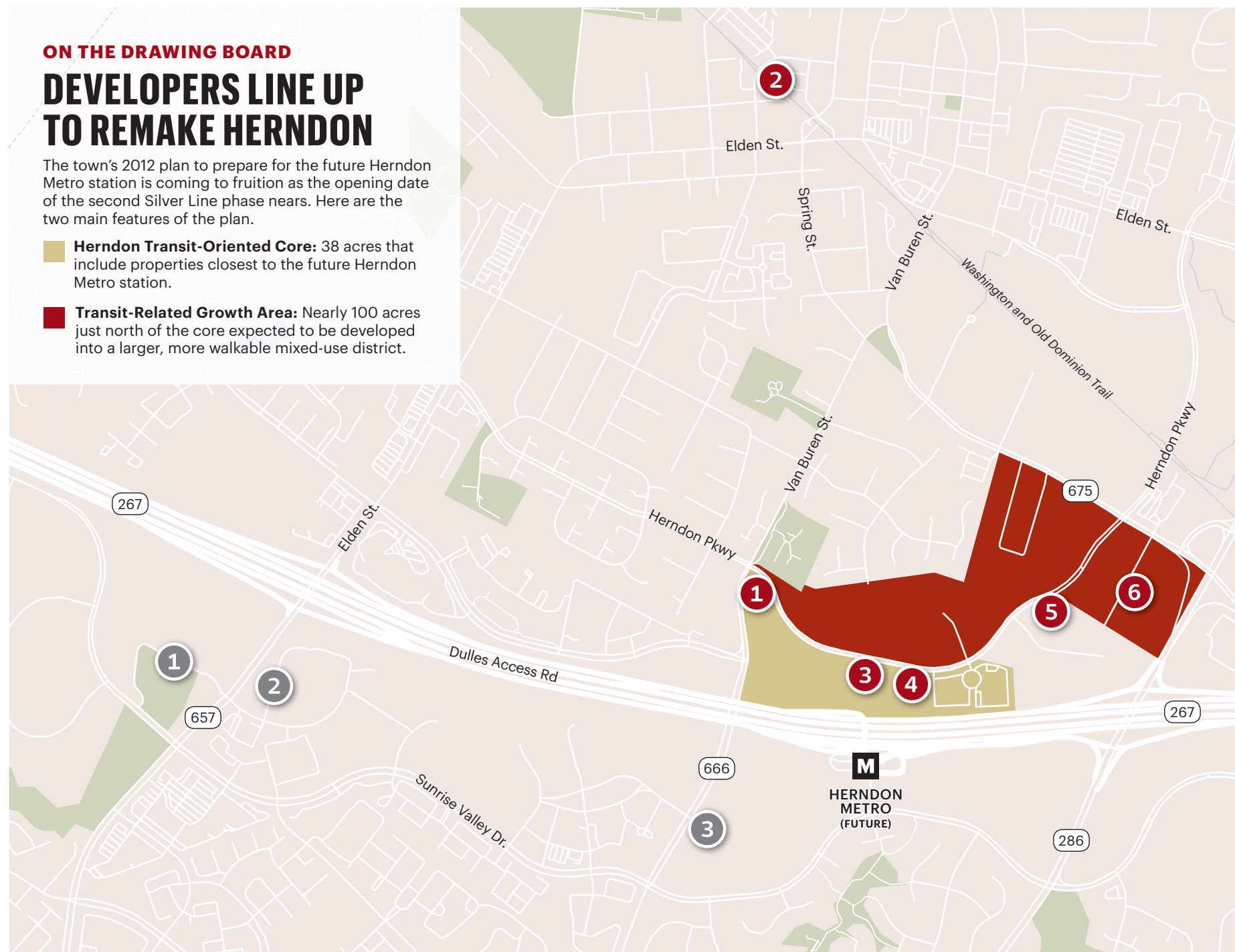
Merkel acknowledged a persistent desire to preserve the small-town feel even as it allows for the denser development. She pointed out that the 38 acres reserved for high-density development comprise roughly 1 percent of the 4.2 square mile town.

"People will say, 'We don't want to be Tysons Corner, we don't want to be Reston Town Center.' No, we don't in our downtown. But there is an appropriate place for that kind of development in the town of Herndon, and it is absolutely right here adjacent to the Metro station," Merkel said. "We are not suddenly going to be 4.2 square miles of Tysons." ❌

**ON THE DRAWING BOARD
DEVELOPERS LINE UP
TO REMAKE HERNDON**

The town's 2012 plan to prepare for the future Herndon Metro station is coming to fruition as the opening date of the second Silver Line phase nears. Here are the two main features of the plan.

- **Herndon Transit-Oriented Core:** 38 acres that include properties closest to the future Herndon Metro station.
- **Transit-Related Growth Area:** Nearly 100 acres just north of the core expected to be developed into a larger, more walkable mixed-use district.



► Projects also planned just outside of Herndon will also contribute to the area's growth. They are:



1 ARROWBROOK CENTRE
Location: South of the Dulles Toll Road, north of Sunrise Valley Drive and west of Centreville Road
Size: 54 acres
Developer: Arrowbrook Centre LLC
Description: A 2.3 million-square-foot mixed-use development will include more than 600,000 square feet of office space, more than 100,000 square feet of retail and 150,000 square feet of hotel, as well as apartments and townhomes.



3 2245 AT HERNDON METRO
Location: 2245 Monroe St.
Developer: Barings, based in Charlotte, North Carolina
Description: Barings hired Hitt Contracting to begin a multimillion-dollar renovation of a vacant 162,000-square-foot building that it owns near the future Herndon Metro station. The facility will be equipped with a cafe, game room, fitness center, volleyball court, conference center and a walking path to the station once the renovations are complete.

1 METRO SQUARE ▲
Location: 625 Herndon Parkway
Size: 3.2 acres
Developer: Stanley Martin Homes
Description: The project is planned for land immediately north of the new Metrorail station.
Status: Under construction, with completion slated for next year. Thus far, about 29 of the 64 homes have been sold.

2 COMSTOCK PROJECT

Location: The site is roughly bounded by Station Street, Center Street, the Washington & Old Dominion Trail and Elden Street
Size: 4.675 acres
Developer: Public/private partnership between Comstock and the town of Herndon
Description: This calls for 281 apartments in three buildings, 17,600 square feet of retail across two buildings, an 18,000-square-foot new home for ArtSpace, a 761-space parking garage, arts walk, three plazas and outdoor seating.



Status: Rezoning approved. Comprehensive agreement with developer approved. Construction to begin in 2019.



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3 KIDDAR PROJECT

Location: 575 Herndon Parkway
Size: 4.8 acres
Developer: Kiddar Capital
Description: Kiddar Capital recently paid \$33 million for this site near the Metro station, where it could potentially develop more than 900,000 square feet of mixed-use development.
Status: Construction could begin within three to 10 years.

4 PENZANCE PROJECT

Location: 555 Herndon Parkway
Size: 4.3 acres
Developer: Penzance Properties
Description: Penzance is planning an 800,000-square-foot mixed-use project, that includes four buildings varying in height from 10 to 18 floors. Plans call for ground-floor retail, public open spaces and streetscapes.
Status: Plans have not yet been approved, but the company submitted a development plan for review.



5 QUADRANGLE PROJECT

Location: 200 Fairbrook Drive
Size: 27 acres
Developer: Quadrangle Development Corp.
Description: Proposal to develop a 1.5 million-square-foot mixture of office, residential and retail land uses. The building currently located at this address will be torn down when the site is redeveloped.
Status: Quadrangle has submitted a special exception application to develop the project. Herndon, which is currently working with Quadrangle on a phasing plan, expects the project to be approved within a year.

6 SHAMIN PROJECT

Location: 232 Sunset Park Drive
Size: 1.5 acres
Developer: Shamin Hotels
Description: The company is developing a 248-room property that will include two hotels: Home2 Suites by Hilton and Hilton Garden Inn at 232 Sunset Park Drive.
Status: Shamin Hotels will break ground on the project later this year.